



HONG KONG : THE FACTS



Coming to Hong Kong

Hong Kong, with a population of about 7.24 million in mid-2014, is a small but dynamic city which has earned an international reputation as a leading commercial and financial centre as well as a highly efficient entrepot.

Almost from the outset 150 years ago, Hong Kong enjoyed a prosperous entrepot trade, thanks mainly to its world-class harbour strategically located on the main Far Eastern trade routes. Subsequent historical and political events led to the development of the manufacturing industry. Hong Kong has also seen a rapid expansion of its services sector in the past two decades, contributing up to 93 per cent of Hong Kong's Gross Domestic Product (GDP) in recent years.

The Hong Kong Special Administrative Region: The Hong Kong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was established on July 1, 1997. Under the principle of "One Country, Two Systems", Hong Kong's previous capitalist system and way of life shall remain unchanged for 50 years. The HKSAR shall be administered by Hong Kong people and shall exercise a high degree of autonomy.

The Basic Law: The Basic Law, enacted in accordance with the Constitution of the PRC, is a constitutional document for the HKSAR. It enshrines within a legal document the basic policies of the PRC regarding Hong Kong and prescribes the systems to be practised in the HKSAR. It prescribes the relationship between the Central Authorities and the HKSAR; the fundamental rights and duties of Hong Kong residents; the political structure of the HKSAR; the economic and social systems of the HKSAR; the conduct of external affairs by the HKSAR, as well as the interpretation and amendment of the Basic Law.

The Government: The Chief Executive (CE) is the head of the HKSAR. According to the Basic Law, the CE shall be selected by election or through consultations held in Hong Kong, and be appointed by the Central People's Government. At present, the Election Committee which is responsible for selecting the CE is composed of 1 200 members. Most members of the Election Committee are returned by election.

The Executive Council assists the CE in policy making. The CE shall consult the Executive Council before making important policy decisions, introducing bills to the Legislative Council (LegCo), making subordinate legislation, or dissolving the LegCo.

The LegCo shall exercise the powers and functions, which include to enact, amend or repeal laws in accordance with the Basic Law and legal procedures; examine and approve budgets introduced by the government; approve taxation and public expenditure; and raise questions on the work of the government. At present, Legislative Council has 70 members: 35 from geographical constituencies, 35 returned by functional constituencies. At the district level,

18 District Councils offer advice on matters affecting the well-being of the people in the districts, and provide a platform for public consultation.

Constitutional Development: The Basic Law prescribes the methods for electing the CE and for forming the LegCo. The Basic Law further prescribes the ultimate aim of selecting the CE by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures, and of electing all the members of the LegCo by universal suffrage in the light of the actual situation in the HKSAR and in accordance with the principle of gradual and orderly progress.

According to the Basic Law and the relevant Interpretation of the Standing Committee of the National People's Congress (NPCSC), any amendments to the method for selecting the CE and the formation of the LegCo must go through the "Five-step" constitutional process, i.e., the making of a report by the CE to the NPCSC, the determination by the NPCSC whether to make amendments to the method of selection/formation; the endorsement of a two-thirds majority of all the Members of the LegCo, the consent of the CE, and report to the NPCSC for approval or for the record.

To attain the ultimate aim of selecting the CE by universal suffrage provided for in the Basic Law, after conducting two rounds of extensive and systematic public consultations which lasted for a total of seven months, the HKSAR Government put forward a package of proposals for the method for selecting the CE by universal suffrage. The proposals are constitutionally in order, lawful, reasonable and rational. On 18 June 2015, the motion moved by the HKSAR Government to amend the method for the selection of the CE was vetoed by the LegCo. The method for selecting the fourth-term CE in 2012 will continue to be adopted to select the fifth-term CE in 2017, i.e., the CE is to be elected by a 1 200-member Election Committee.

Laws and Justice: Laws in Hong Kong consist of the Basic Law, locally enacted ordinances, subsidiary legislation, the common law, rules of equity and customary law. A few national laws of the PRC listed in Annex III to the Basic Law are also applicable (covering subjects such as national flag and anthem, nationality law and diplomatic privileges and immunities).

The courts of justice in the HKSAR comprise the Court of Final Appeal, the High Court (which includes the Court of Appeal and the Court of First Instance), the District Court (which includes the Family Court), the Lands Tribunal, the Magistrates' Courts (which include the Juvenile Courts), the Labour Tribunal, the Small Claims Tribunal, the Obscene Articles Tribunal and the Coroner's Court.

Public Finance: As at end-March 2015, the Government's fiscal reserves stood at \$828.5 billion. Estimated government revenue for 2015-16 amounts to

\$477.6 billion. About 41 per cent of the revenue comes from direct taxes and 26 per cent from indirect taxes. Other sources of revenue include land premium, investment income and fees and charges.

Estimated public expenditure for 2015-16 amounts to \$474.2 billion, representing about 20.4 per cent of GDP. This includes government expenditure of \$440.8 billion and expenditure by the Housing Authority and the Trading Funds of \$33.4 billion. The major areas of public expenditure in the year are: education (16.7 per cent), social welfare (14.3 per cent) and health (14.9 per cent).

Economy: The success of Hong Kong as a leading trade, finance and business centre stems from a policy of free enterprise and trade, industrious work-force, well-developed infrastructure and excellent telecommunications. Over the past 20 years, the Hong Kong economy has grown by an average annual rate of 3.4 per cent per annum in real terms. In 2014, GDP at current market prices amounted to \$2,255.6 billion, while per capita GDP has reached \$311,479.

Trade: The value of total trade (including merchandise imports, domestic exports and re-exports) in 2014 was \$7,891.8 billion, 3.6 per cent higher than that of 2013. The principal market for Hong Kong's total exports was the mainland of China which took 53.9 per cent of Hong Kong's total export value in 2014, followed by the United States of America (9.3 per cent), Japan (3.6 per cent), India (2.6 per cent) and Taiwan (2.2 per cent). The main suppliers of imports were the mainland of China (47.1 per cent), Taiwan (7.1 per cent), Japan (6.8 per cent), Singapore (6.2 per cent) and the United States of America (5.2 per cent).

Housing: As at 31 March 2015, there were a total of about 2.45 million households in Hong Kong, among which about 728 200 households or 2.03 million (around 28 per cent) of the Hong Kong population lived in public rental units of the Hong Kong Housing Authority (HA), and about 30 100 households or 84 000 persons lived in public rental units of the Hong Kong Housing Society (HKHS). Furthermore, about 377 700 households or 1.22 million (roughly 17 per cent) of the Hong Kong population lived in subsidised sale flats of the HA and the HKHS. In other words, almost half of the households in Hong Kong are living in housing units with government subsidies. Of the remaining 1.31 million households who were living in private housing, about 860 000 were owner-occupiers.

Health: Hong Kong is, on the whole, a healthy place. The general health indices compare favourably with those in Western countries. The hospitals are among the finest and best equipped in the world. Comprehensive medical facilities and specialist services are available throughout Hong Kong. There is no National Health Service and medical advice and treatment have to be paid for. However, government medical services are available to all residents at a nominal charge.

As at end-December 2014, the total number of hospital beds were 37 322[#], distributed in 42 public hospital and institutions, and 11 private hospitals as well as 55 nursing homes and 22 Correctional Services Department hospitals. The bed-population ratio was 5.1 beds per thousand population. At the same time, there were 13 417 registered doctors, 6 898 registered Chinese medicine practitioners and 2 693 listed Chinese medicine practitioners in Hong Kong, equivalent to 1.8 registered doctors, 0.9 registered Chinese medicine practitioners and 0.4 listed Chinese medicine practitioners per thousand population respectively.

Education: In the 2014/15 school year, there were 978 kindergartens, 571 primary schools and 509 secondary schools. Enrolment in kindergarten was 176 397, with

another 329 300 and 373 131 in primary and secondary schools respectively. The student enrolment of the University Grants Committee (UGC) funded programmes offered by the eight UGC-funded institutions in the 2014/15 academic year was 97 583. The student enrolment of locally-accredited self-financing post-secondary programmes (except the Vocational Training Council) at sub-degree or above level was 65 711. For the Vocational Training Council, the student enrolment of the pre-employment programmes in the 2013/14 academic year was 58 590. The Government has introduced a New Academic Structure (NAS) that covers three years of junior secondary education, three in senior secondary and four at university. The 3-year senior secondary education under the NAS has been implemented in S4 since September 2009 and the 4-year undergraduate programmes have been implemented since September 2012.

Social Welfare: The Social Welfare Department and non-governmental organisations (including 169 subvented welfare organisations) provide a full range of welfare services through about 2 800 agreement service units. Services include social security, family and child welfare, medical social work, group and community work, services for young people, services for the elderly, rehabilitation services for the disabled, and services for offenders. The department operates a 24-hour hotline providing information on social welfare services. Social workers are also available round the clock to provide immediate telephone counselling, support and referral services.

Transportation: *Sea:* In 2014, about 30 180 ocean-going ships and 159 280 river-trade vessels arrived at the port of Hong Kong – one of the busiest container ports in the world. During the year, about 11.7 million passengers came from the Mainland and Macao on board jetfoils and catamarans to disembark at the China Ferry Terminal in Tsim Sha Tsui and the Hong Kong-Macao Ferry Terminal in Sheung Wan. About 14.8 million passengers made outbound ferry trips from the two terminals.

Road: In 2014, there are 2 099 kilometres of roads with a total number of 699 540 licensed vehicles and government vehicles, a density of 333 vehicles per kilometre. Three cross-harbour tunnels link Hong Kong Island and Kowloon. As at end 2014, about 5 810 franchised buses and more than 3.91 million daily passenger journeys were recorded during the year. There were large fleets of minibuses and taxis, and 164 tram cars.

Railways: The railway system in Hong Kong is operated and managed by the Mass Transit Railway (MTR) Corporation Limited. It consists of Kwun Tong Line (Tiu Keng Leng – Yau Ma Tei), Tsuen Wan Line (Tsuen Wan – Central), Island Line (Chai Wan – Kennedy Town), Tung Chung Line (Hong Kong – Tung Chung), Tseung Kwan O Line (Po Lam/LOHAS Park – North Point), East Rail Line (Hung Hom – Lo Wu/Lok Ma Chau), West Rail Line (Tuen Mun – Hung Hom), Ma On Shan Line (Wu Kai Sha – Tai Wai) and Disneyland Resort Line (Sunny Bay – Disneyland Resort). There are 85 stations along the 177.4 kilometre route. The MTR also operates a 35.2 km Airport Express Line and a 36.2-kilometre Light Rail network which has 68 stops in the northwest New Territories. Light Rail feeder bus services provide rail passengers with a more comprehensive service network. The entire system carries an average of 5 million passengers each day.

Besides, the MTR also provides cross-boundary through-train services between Hong Kong and Beijing, Shanghai and cities in Guangdong.

Air: Hong Kong International Airport is among the busiest in the world. There are about 100 airlines providing about 7 200 scheduled passenger and freight flights each week. In 2014, it handled over 62.93 million international passengers and 4.38 million tonnes of air cargo.

Telecommunications: As at January 2015, the fully digitalised telephone systems serve nearly 4.32 million telephone lines. The mobile telephone systems serve over 17.24 million subscribers (as of February 2015), a penetration rate of about 237.4 subscribers per 100 inhabitants, which is one of the highest in the world. With 12.5 million subscribers, the third generation (3G) and fourth generation (4G) mobile service continues to grow, enabling consumers to enjoy high-speed mobile multi-media services. Other than basic voice services, data services are becoming popular among consumers. As at February 2015, mobile data usage recorded 15 058 Terabytes (i.e. 15 057 920 Gigabytes), or an average of 1 196.9 Mbytes per 2.5G/3G/4G mobile user. This represents 1.34 times and 1.73 times the mobile data usage over the same period in 2014 and 2013 respectively. The local broadband Internet service market has nearly 2.27 million subscribers as at January 2015. The household broadband penetration rate has reached almost 83 per cent. Hong Kong has also developed into a leading wireless city with 31 879 hotspots (as of March 2015) covering 7 511 locations which enable the public to access the Internet via Wi-Fi.

Banks: Hong Kong is an international banking centre. As at April 2015, there were 157 licensed banks, 23 restricted licence banks and 21 deposit-taking companies in Hong Kong. Together they operated a comprehensive network of 1 376 local branches. There were also 64 representative offices of banks incorporated outside Hong Kong. These institutions come from 36 countries and include 71 out of the world's largest 100 banks.

Exchange Rate: Since October 1983, Hong Kong has been adopting the linked exchange rate system under which the Hong Kong dollar is linked to the US dollar at the fixed rate of HK\$7.80 to US\$1.

Taxation: Under the territorial source concept of taxation, only income arising in or derived from Hong Kong is chargeable to tax. Profits from any trade, business or profession carried on in Hong Kong are chargeable to profits tax. For the year of assessment 2013/14, the profits tax rate for corporations is 16.5 per cent and that for other

businesses is 15 per cent. Income from employment is charged with salaries tax which is calculated at progressive rates after deducting various deductions and allowances. Salaries tax is however limited to the standard rate of 15 per cent on the net income before deduction of allowances. Property tax is charged on the owner of any properties in Hong Kong at the standard rate of 15 per cent on the annual rent receivable less rates and a statutory deduction of 20 per cent for repairs and outgoings.

Mass Media: Hong Kong has one of the highest newspaper readerships in Asia. It is also one of the world's largest centres for Chinese-language publications. There were a total of 758 publications registered as at April 2015, 55 of which were newspapers including 28 Chinese-language dailies and 12 English dailies. There were 703 periodicals covering a wide variety of subjects from public affairs/politics to technical matters and entertainment.

Hong Kong's television viewers can access to over 400 domestic and non-domestic television programme service channels broadcast by local licensees. These include 15 free-to-air channels currently provided by two domestic free television programme service licensees, about 400 pay TV channels provided by three domestic pay television programme service licensees, and over 40 non-domestic television programme service channels. Three radio stations in Hong Kong have 13 analogue channels in Chinese and English and broadcast more than 2 000 hours of programmes a week. Four operators have launched digital audio broadcasting (DAB) services, which will comprise a total of 18 channels. As of early 2015, 17 channels have been launched.

The number of hospital beds includes all hospital beds in Hospital Authority hospitals, private hospitals, nursing homes and correctional institutions, which follows the coverage of the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165) of Hong Kong. The bed-population ratio may not be directly comparable with figures for other countries.

* On April 1, 2015, the Government granted the third domestic free television programme service licence to a new operator. The new operator is required under its licence to commence service within 12 months after the grant of licence, i.e. by March 31, 2016.